noranda

Report of the Annual Meeting April 27, 1979

ANNUAL MEETING REPORT

This brief report has been prepared for the benefit of shareholders who were unable to attend the Annual Meeting.

The meeting was convened at 2:30 p.m. at the Royal York Hotel, Toronto, with about 600 in attendance. Alfred Powis, President of the Company acted as Chairman. There were 19,377,631 shares or 66.6% of the total issued shares represented either in person or by proxy.

The Annual Report, including the Auditor's Report, was submitted to the meeting.

W. D. McKeough was nominated a Director of the Company to fill the vacancy on the Board created by the retirement of W. S. Row who had been a Director since 1960. The Chairman and shareholders acknowledged the major contribution made by Mr. Row since joining the Noranda Group in 1937. Mr. Row was elected an Honorary Director of the Company.

The following shareholders, who were present, were elected Directors of the Company: James C. Dudley, Louis Hébert, William James, A. J. Little, L. G. Lumbers, T. H. McClelland, W. D. McKeough, D. E. Mitchell, André Monast, Alfred Powis, W. P. Wilder, and A. H. Zimmerman.

Clarkson, Gordon & Co., Chartered Accountants, were reappointed auditors.

By-Law Number 4, a resolution relating to the remuneration of Directors, was confirmed by a majority of the votes cast.

Shareholders also confirmed Special Resolution Number 1 to authorize the reclassification of the issued and unissued Class A and Class B shares as a single class of common shares.

A number of statements relating to Noranda's feasibility study in Chile were read by proxy-holders representing various religious denominations.

Questions were asked concerning Noranda's employment levels in Canada and abroad, employment at the El Setentrion mine, Canadian Hunter, the Lakeshore Mine in Arizona, the Cobalt property in Idaho, and Noranda's collective bargaining calendar for 1979.

The meeting adjourned at 4:30 p.m.

NORANDA MINES LIMITED

Remarks to Shareholders
April 27, 1979

Opening Remarks by Alfred Powis

Ladies and Gentlemen:

The Annual Report, in discussing the outlook for 1979, stated that the recent forecasting record of Noranda's management has not been particularly good. Nowhere is this more apparent than in the remarks to this meeting a year ago.

At that time, we had absorbed the cost of the shutdown of the Noranda Aluminum plant, due to the U.S. coal strike, against first quarter results. It was thought that there was little prospect of a dramatic recovery in the depressed price of many commodities due to excess inventories. It was stated that the weakness of the Canadian dollar would be helpful, but that it had only partly offset the combined impact of higher costs and lower prices. As a result, with the poor start to the year, we forecast that we would do well to equal 1977 results in 1978.

In fact, earnings during 1978 were $135 million compared with a restated $72 million in 1977. Obviously, in relation to our expectations a year ago, this was a pleasant surprise for which there were two fundamental reasons: contrary to our expectations the value of the Canadian dollar continued to decline, while demand and prices for a number of commodities improved more than we dared hope.

As noted in the Annual Report, the impact of the decline in the value of the Canadian dollar had a pervasive impact on results. As a rough estimate, each 1¢ change in the relative values of the Canadian and U.S. dollars altered 1978 after-tax profits by $5 million. With the value of the Canadian dollar averaging 87¢ U.S., it follows that our earnings last year were nearly twice what they would have been had the two currencies been equal in value.

In addition, as the year progressed the markets for a number of commodities strengthened to an unexpected extent, while anticipated weakness in lumber markets failed to materialize. The combination of curtailed production and improved demand reduced excessive inventory levels, and

prices began to rise. This trend has accelerated to date this year to a point where the prices of some commodities seem to be at historically high levels, but currency instability and inflation tend to result in a loss of perspective. In constant dollars, or in European or Japanese currencies, the prices of most commodities are still relatively low.

In any event, while earnings did improve, management can take no great pride in 1978 results. As one magazine article put it, we were the beneficiaries of the mismanagement of the Canadian economy, with nearly half the earnings resulting from the discount in the value of our dollar relative to U.S. currency. Moreover, our return on net assets (even valued at historical costs) was only slightly higher than the yield on 1978 Canada Savings Bonds, which is totally unsatisfactory. Finally, as pointed out in the Annual Report, real earnings were only about 60% of those reported when adjusted by one recognized method of accounting for the effects of inflation.

However, while the level of earnings was somewhat suspect, it was still a distinct improvement over that of the previous three years, and we were pleased to be able to increase the quarterly dividend to 40¢ in November and then 50¢ in February. However, this merely restored the quarterly rate to the level originally established in 1974.

For several years, Noranda's financial condition has been a source of concern both inside and outside the company, and considerable attention was paid to this problem in last year's remarks. The low level of earnings combined with capital expenditure requirements and the impact of inflation had resulted in a serious strain on Noranda's liquidity, and we could no longer contemplate large net additions to our debts.

In the circumstances, the policies adopted were ones of further retrenchment and restraint. It was recognized that we could not avoid a continued high level of capital spending to maintain operations and continue certain major programs. However, we could not embark on significant new projects, and existing programs would have to be partly financed by selling assets or bringing in partners. As a result, we farmed out part of the Canadian Hunter program to Esso Resources, sold two sawmills in B.C., and made an arrangement to sell Bell Copper that was subsequently aborted.

Criticism of Noranda's financial condition focussed on a weak balance sheet, but management always believed that the

root of the problem lay in the earnings statement. The problems created by inflation could have been handled comfortably had it not been for a totally inadequate level of profits since 1974, which had both reduced new capital generated internally and impaired the ability to raise capital externally. In the view of management, there was nothing wrong with Noranda's balance sheet that would not be cured by a couple of years of reasonable earnings.

The results of 1978 seem to validate this view. Despite continued high capital spending, 1978 operations resulted in a $102 million increase in working capital and a net reduction in short and long term debt of $91 million. In addition, of course, the mergers with Mattagami and Orchan further improved working capital by $82 million and shareholders' equity by $133 million. As a result, Noranda's financial position is now considerably more comfortable, although not yet entirely satisfactory.

To discuss recent developments and trends in Noranda's mining and metallurgical businesses, I now call on Bill James.

Remarks by William James

The strong upward trend of base metal and precious metal prices, combined with the declining exchange value of the Canadian dollar, has resulted in higher mining and metallurgical earnings in the past two quarters. Price increases in Canadian Currency over the period January 1, 1978 to March 31, 1979 were dramatic:

Copper rose 65% to $1.14
Zinc rose 38% to 45¢
Lead rose 55% to 54¢
Molybdenum rose 83% to $8.00
Silver rose 63% to $8.65 and
Gold rose 30% to $278.00

During this period the Canadian dollar dropped 6% against U.S. currency or 20% against the Swiss franc, indicating that the real substance of the gains was a partial recovery in world metal prices as well as currency fluctuations.

During 1977 and the early part of 1978 many of our mines were operating on thin profit margins or, in some cases, at losses. The price increases resulted in a substantial improvement in profitability.

During the past three years we have generally maintained our competitive position through improved productivity, despite a restrictive policy on capital expenditures. By and large, with the discount on our currency, our Canadian operations were competitive with producers of other nations. However, at the prevailing depressed prices, the base metal industry worldwide was in poor health. With improved profits and a stronger financial position, the Noranda group can again afford some new capital programs such as the expansion programs at Bell Copper and Brunswick as well as the development of several small mines.

Dealing with copper operations, the Gaspe mine, which has been on strike since October 17, 1978, had a net loss for the fourth successive year. However, if present prices prevail, it should be profitable on resumption of production. Anode production at the Horne smelter was somewhat lower than the previous year due to lack of concentrate feed, while refined copper production at Canadian Copper Refiners was maintained. Geco produced less copper and zinc in concentrates than expected because of lower grade ore, but grade should return to normal levels this year although tonnage mined will be somewhat lower.

At Brenda, higher molybdenum prices and record throughput more than offset the decrease in the grade of ore, resulting in increased earnings.

Zinc operations benefited from a series of price increases in the last half of the year, which accompanied improved demand and reduced inventories. At Brunswick, this resulted in a substantial improvement in the company's financial position and the reinstatement of the program for expansion to 11,000 tons per day, which is expected to be on stream in the first part of 1981.

As you are aware, Mattagami and Orchan were merged with Noranda during the past few months, and Noranda now owns 90% of Canadian Electrolytic Zinc. At C.E.Z. production was increased in the second half and averaged 78% of capacity for the year. During the first quarter of 1979, the plant strained to maintain minimum working inventories of metal despite production in excess of rated capacity. In the meanwhile, the operations of the Mattagami and Orchan mines are being successfully combined and substantial savings are being realized.

The Tara mine in Ireland did not attain rated capacity because of labour unrest, a change in mining methods and the problems encountered in training an inexperienced work force. However, at present prices it should be profitable this year.

Kerr Addison's Agnew Lake uranium mine continued to have problems, with production of U_3O_8 in concentrate only 400,000 pounds in 1978. If significant improvement in production is not achieved this year, the viability of the operation will have to be reassessed. In the circumstances, recovery of Kerr Addison's $78 million investment in this project is uncertain.

At Central Canada Potash, 1978 production was 1.3 million tons of muriate, resulting in a pretax profit of $23.5 million. After the provincial and federal governments took what they assure us is their fair share, some $29.2 million, we ended up with an after-tax net loss of $5.7 million. Recently, the Saskatchewan government proposed a new tax system which would have reduced this rate to slightly under 100%. At the year-end, we purchased the remaining 49% of the shares in Central Canada Potash from our customer, CF Industries, who had become disenchanted with Saskatchewan.

With more reasonable metal prices, we are now planning to bring several small mines into production. The Chadbourne gold mine at Noranda, Quebec is scheduled to begin production at a rate of 700 tons per day this July. It has a reserve of 1.1 million tons with a grade of 0.14 ounces gold per ton. We also plan to utilize the concentrator capacity at Noranda to process ores from several other small orebodies in the area, which would include Mines Gallen and New Insco.

The development program at the Lyon Lake property, near the Mattabi mine in northwestern Ontario, will be reinstated. This deposit of at least 4 million tons with 6% zinc, 1% copper and 3 ounces silver per ton will probably begin production in July, 1980 at a rate of 1,000 tons per day. The nearby "F" Group deposit, which has 600,000 tons of slightly lower grade, will begin producing in 1981.

Work on the Andacollo copper deposit in Chile consisted of specific engineering studies on water supply, tailings disposal and metallurgy. Expenses during the year amounted to about $500,000. We are also studying a promising opportunity to participate in a copper metallurgical project in Brazil.

Last month, we acquired the plant and equipment of the Lakeshore mine in Arizona. This is a low grade underground mine capable of producing copper at a cost of about $1.00 per pound, the price which we believe to be the lower range of that required to bring on most new mine production.

An engineering study is being conducted on a former cobalt-copper producer in Idaho. The deposit has reserves of 4 million tons with 0.74% cobalt and 1.67% copper, plus gold and silver. Metallurgical testing has been completed, pilot plant studies are now underway, and we are studying the possibility of building a small cobalt refinery. We expect to have answers on this project by the fourth quarter.

Noranda Australia filed the Draft Environmental Impact Statement for the Koongarra uranium project early in 1979. After public comments, the Final Environmental Impact Statement will be prepared incorporating any substantive suggestions received. We have yet to negotiate with the representatives of the Aboriginals who own the land.

Noranda's mineral exploration budget for 1979 is $18.5 million. We are maintaining our focus on Canada, where we will commit 60% of our expenditures.

We continue to be enthusiastic about the results of Canadian Hunter's gas and oil program. Expenditures this year could be as high as $160 million, and we have made a farmout with Esso which should cover a significant part of our requirements for the next 18 months. Hunter's production and income to date have not been substantial, but development of the gathering system and gas plants in the Elmworth-Wapiti area is on schedule to begin contracted deliveries on November 1 this year. Hunter now has an interest in 50 completed wells in the area. The first year's requirements can probably be supplied from about 12 wells, but drilling is continuing to establish reserves which will form the basis of contracted quantities to be delivered after November 1, 1980. Canadian Hunter's share of proven and probable reserves in Elmworth-Wapiti was estimated by a consultant at December 31, 1978 to be 640 BCF, with Noranda's 64.6% share being 413 BCF, and we believe that ultimate reserves will be substantially larger.

Noranda Research continues to discover better materials for our operations. As an example, it developed the Marmet

grinding alloy, which is produced in slugs at Norcast and has resulted in annual savings of $500,000 in grinding costs at Brunswick Mining and Smelting alone. Much of the work is also focussed on the development of new uses for our products, for example in the further use of zinc in foundry alloys and for protective coatings on steel.

Noranda has spent $127 million on environmental control since 1971 and this, of course, has not contributed to a strengthened financial position. Nevertheless, while we are satisfied with our progress to date, more remains to be done and these expenditures will be an ongoing requirement.

In summary, most sectors of Noranda's mining and metallurgical businesses have improved significantly and, if present conditions continue, 1979 should be a good year. In these changed circumstances, we can once again consider new projects and there are a good number of opportunities available.

To deal with manufacturing and forest products, I now call on Adam Zimmerman.

Remarks by Adam Zimmerman

In these remarks a year ago and in the Annual Report, we talked about our manufacturing rationalization, our expectations of improved international operations, new market opportunities afforded by the foreign exchange shelter, and extreme power supply problems in our aluminum plant. Things are working out pretty well along the lines discussed. So far as manufacturing is concerned, in the first quarter sales of $212 million produced a $10.8 million operating profit.

As has been stated frequently, our Canadian manufacturing operates in very mature markets which by themselves present limited growth opportunities. The result is that each main product line must hold its own or be excised. This is a continuing process, although each year sees further rationalization towards more cost-effective and profitable operations. This year may see this activity concentrated in the Leaside and plastics operations of Canada Wire, as well as the main production lines of Noranda Metal Industries. This process also means being alert to alliances that will improve our profitability. As an example, 1978 saw the combination of our magnet wire facilities with those of Universal Wire into a new company – Canwirco.

Toronto group sales and profits improved satisfactorily, while assets employed were actually reduced during 1978. In the quarter just passed, this trend has continued and operating profits are approaching economic levels for the first time in several years. In these predominantly wire and cable operations, it takes $43,000 of assets to produce $92,000 worth of sales for every employee.

Canada Wire's major new venture is fibre optics, through its subsidiary Canstar Communications. While it is difficult to make a meaningful prognosis about this business, it is true that Canstar has a significant presence in the available trial markets, and its products meet present standards. It may be that joint ventures will be necessary in the future to exploit this high technology area.

The Montreal group, built around Noranda Metal Industries, is continuing the progress reported in the Annual Report. With an investment of $33,000 per employee now, compared to $11,000 per employee in 1972, and average sales per man having gone only from $60,000 to $102,000, we obviously have some way to go in productivity improvement. Although the three new plants built over this seven year period have not yet realized their potential, we believe that new strategies and management have identified the courses to follow.

At Norcast, experience with the new Noranda-developed Marmet grinding alloy has been so good that the Mont Joli foundry is being expanded by 50%. The associated Cyclomet scrap recovery operation at Moncton has matured to the point that it will install facilities for non-ferrous metal recovery later this year.

The wire rope business is good in Canada and tough in the United States. These operations are an interesting example of critical mass – it is better to be the market leader than an also-ran.

In our Cleveland based aluminum group, the news is in two parts – both good. First was the acquisition of a sheet and foil rolling mill in Tennessee. These high-quality facilities complete the integration of Noranda's aluminum operations from the mining of bauxite through the production of a range of finished products. Secondly, we have also successfully resolved the New Madrid power supply situation. Electricity being 25% of the cost of a pound of aluminum, a reliable and

economic power supply is vital to an aluminum reduction plant. In 1978, our power supply became jeopardized by an unworkable contract which indirectly cost us heavily. This has now been renegotiated to the mutual satisfaction of the parties, and indeed we have recently acquired sufficient extra power to produce an additional 7 million pounds of aluminum in 1979.

Our overall aluminum enterprise involves net assets of some $314 million or $151,000 per man employed. Again in this industry, we must maximize productivity and specialize if we are to optimize returns. With Norandex producing its best results ever and improving, with the new rolling mill, settled labour relations, and strong markets for aluminum metal, 1979 should be our best ever in aluminum.

1978 might well be described as the "year of the tree", for it produced the highest earnings ever recorded in the forest industry in Canada. This has considerably strengthened the finances of the industry, a dire necessity for a long time and a condition which will now permit the plant investment so necessary to maintain a solid, modern industry.

In the aggregate, Noranda's companies earned $130 million (including $11 million on the sale of two sawmills) on net assets of $888 million and sales of $1.3 billion. This represented a return on net assets of 16.7%, the second greatest volume of sales and the highest profits in the Canadian industry. Noranda's share of these profits was $58.2 million on an average investment of $190 million.

Northwood Mills is now a marketing and distribution company, having disposed of its sawmills during 1978. Two new building material divisions are now being established at Vancouver and Quebec City, and Northwood has been able to obtain new long-term marketing contracts for other producers. It has also done extensive pre-marketing of the waferboard to be produced in Chatham, New Brunswick.

It seems that everyone has been calling for a decline in lumber markets since last May, but there also seem to be elements in lumber such as the do-it-yourself and repair markets that cannot be adequately measured by the forecasters. Also, housing has been an attractive store of value for the average man in an inflationary world, with the result that housing starts have exceeded everyone's expectations, although now they are at a reduced level.

Fraser Inc. continues to maintain the high profitability of 1978 as markets for its principal products remain tight and predicted efficiency gains are now being realized from the rebuild at Edmundston. A new tree nursery is now producing its first plantable product and the second stage, doubling the potential output, will be installed this year.

Markets for Fraser's paper products are strong. Groundwood publishing papers are in continued short supply due to the explosion in magazine and directory publishing. As the lead time for new capacity is lengthy, we expect strong demand in these products for at least two years. Similarly, the forms and business papers produced by Fraser are of a quality and weight which are increasingly attractive to the business user. We are operating flat out and see nothing to change this during 1979. With the startup of new facilities and recently negotiated wage settlements, Fraser should be able to continue its strong performance again in 1979.

At Northwood Pulp and Timber, the only disappointment has been the winter shortage of rail cars in which to ship lumber. A year ago we speculated on the possible return of balanced pulp markets, although that happened a great deal more quickly than anybody expected. The result was a steady recovery of prices from $325 per metric ton a year ago to the present level of $420, just five dollars more than in 1974.

Northwood's waferboard mill conversion at Chatham, New Brunswick, is now complete at a cost of $11 million and had its first production this week. With this project behind it, Northwood intends to establish a second waferboard plant, probably in the north-central United States. Even with this program, the company has built up a very strong balance sheet, and intends to double its pulp mill in Prince George commencing as soon as engineering can be completed, if the necessary approvals and fibre supply can be obtained.

British Columbia Forest Products continues to dazzle everybody. It is presently in a period of digestion of its major projects of the last few years with the most recent one, the St. Felicien pulp mill, just getting out of the startup phase. As is typical for this company, this mill has performed better than expectations and, at present price levels, St. Felicien will be profitable in 1979. B.C. Forest Products has a quality timber resource, modern plants and talented management. The products are sold in what are presently tight markets, and

barring an unforeseen economic collapse or work stoppage the company could at least repeat its 1978 results.

For BCFP as for Northwood, the greatest challenge in 1979 will be the reasonable settlement of the labour contracts to be negotiated this summer.

Overall, we are very pleased with our forest product investments and we are continually assessing growth possibilities on all fronts both in new development and by way of acquisitions.

I now turn the meeting back to Alfred Powis.

Concluding Remarks

Throughout the 1970's Noranda's management has been preoccupied in remarks to shareholders by a political environment that was incompatible with the health of the private sector in Canada. Of particular concern through the decade has been the escalating federal-provincial warfare over mining taxation, and the resulting chaotic jungle of tax systems which would inevitably strangle the industry in Canada.

For the past two years, we have been sounding a note of cautious optimism that some improvement in the mining tax mess might be possible. At least the existence of a real and serious problem became more widely recognized as the resulting stagnation of the industry became obvious. Over the past year, there has been considerable discussion of the problem at federal-provincial conferences and elsewhere. Some improvements have been made in recent federal and provincial budgets, and we remain hopeful that we will be able to report even more progress a year from now.

In terms of the general public policy environment, there also appears to be reason for hope. Canada's totally unsatisfactory economic performance in recent years seems to have created a dawning realization that there is a limit to the amount of abuse the private sector can absorb. Now there is increased willingness on the part of governments to seek the advice of the private sector and even on occasion to heed this advice. Evidence of this includes the formation last year of 23 task forces comprised of government, business, labour and academic representatives to examine various industrial sectors and produce recommendations for their improved performance. The reports of these task forces, in which a number

of Noranda group executives participated, seem to be receiving serious attention from both the federal and provincial governments.

At the same time, stated government policies to reduce the public sector's share of the gross national product, to encourage industrial expansion, and to ensure that public sector wage settlements do not lead those in the private sector are encouraging. Moreover, while the necessity for it was unfortunate, the decline in the value of the Canadian dollar has largely restored our competitive position internationally. If present policies are pursued with patience and determination, and if we can avoid eroding the benefits of the devaluation through excessive cost increases, Canada's economic health should ultimately be restored. In this regard, however, the mounting pressure for excessive wage increases is a matter of real concern.

From our standpoint, about the only pleasant aspect of the 1975-77 period was the absence of criticism of our excessive profit levels from political and other sources. With a measure of financial health now being restored, it is particularly refreshing to hear a senior federal cabinet minister state that profit is not a dirty word to him. However, to believe that business will not face mounting criticism as profits are restored to more reasonable levels would be a triumph of hope over experience.

The benefits of corporate activity are shared by many groups, three important ones being employees, governments and owners. To try to put some perspective on how these groups have benefited in relative terms from Noranda's activities in the 1970's, we have made some simple comparisons between 1972 and 1978, two similar years. Comparing these periods, the average income of an hourly-rated employee in a typical Noranda group operation in 1978 was more than double that of 1972 in current dollar terms and 21% higher in constant dollars. Governments have done even better, with provisions for income and production taxes having risen 168% in current dollars and 60% in constant dollars.

The group that has not fared well is the owners of the business, the shareholders. Reported earnings per share increased by 95% in current dollars but only 16% in constant dollars. Because current earnings are partly illusory, however,

a lower percentage can be paid out in dividends which were only 8% higher in current dollars and 35% less in constant dollars. As a final measurement – perhaps the one that most clearly reflects how the owners are really doing – the median price of Noranda shares in 1978 was 20% lower in current dollars and 52% lower in constant dollars. Clearly, if anyone is owed an apology for our performance it is the shareholders.

As mentioned earlier, Noranda earned an apparent rate of return in 1978 only slightly higher than that available from Canada Savings Bonds. If earnings were adjusted to reflect the impact of inflation, the rate of return would be substantially less. However, in real terms even this rate of return would be overstated, since it would relate earnings in 1978 dollars to assets valued at historical costs. The dollar in 1978 had a completely different value than it did, say, in 1972, and it would make nearly as much sense to state our earnings in Japanese yen and relate them to assets stated in pounds sterling.

In time, commodity prices must recover to levels which will permit new capacity to be installed at today's bloated construction costs. When this happens, however, Noranda and others will appear to be earning a very high rate of return on assets valued at historical costs. Experience indicates that a number of unpleasant consequences will flow from this, including accusations of profiteering and demands that the people share in our windfall gains through higher taxes. And it will all be based on an illusion, because conventional accounting methods simply cannot present financial results fairly and accurately in an inflationary environment.

Meanwhile, economic conditions affecting Noranda have been relatively buoyant to date this year and despite the continuing strike at Gaspe first quarter earnings were $2.65 per share compared to only 62¢ a year ago when results were affected by closure of the U.S. aluminum operation. At their meeting this morning, your Directors declared a quarterly dividend of 60¢ per share, and we intend to offer stockholders the option of receiving this in either cash or treasury shares.

Forecasting results for the balance of the year is difficult and, in fact, given our recent record in this area it is probably foolish for us to try. Quite clearly, if conditions remained as they were during the first quarter, Noranda would have a good year. However, if anything is certain in today's world, it is that conditions will change.

Markets are strong at the moment, but this may not continue if economic forecasters are correct in predicting a U.S. recession. We are no better than anyone else in being able to forecast the exchange rate movements that have such a pervasive impact on our results, but the Canadian dollar has been strengthening recently. Our collective bargaining calendar this year is a heavy and difficult one. Thus, while conditions are buoyant at the moment, the foundations of our current apparent prosperity seem somewhat fragile as a number of things could go wrong over the balance of the year. Nevertheless, while there is good reason to be cautious, the present outlook appears much brighter than anything we have faced for some time.

Over the past few years, Noranda's earnings and financial condition dictated increasing retrenchment and restraint. As noted last year, Noranda's management has always been dedicated to sound growth – to the development of new enterprises which will contribute to the country's economic health as well as provide a satisfactory return to shareholders. Thus, the requirements of the past few years have been particularly frustrating for Noranda people. Nevertheless, while conditions are now much better, we are not about to succumb to our natural inclinations and embark on a spending spree. While we can now consider some new ventures, our first priority must be further strengthening of Noranda's financial condition.

This is Noranda's last annual meeting of the 1970's, and most of us will not be sorry to leave them behind. Even the years that seemed to be good ones in this decade produced a bad result in the end. For example, the boom years of 1973 and 1974 spawned the mining tax mess that is still with us. Nevertheless, Noranda has survived, our asset base is strong, and our people are able and dedicated. We look forward to the 1980's with confidence that we can cope with whatever problems may face us.